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Review of the efficiency of the administrative and financial functioning of the United Nations

Third progress report on the accountability system in the United Nations Secretariat

Report of the Secretary-General

Summary

The Secretary-General has the honour to transmit to the General Assembly a report on progress made towards the implementation of the accountability framework, as requested by the Assembly in its resolution 67/253. The report informs Member States of the measures taken and planned by the Secretary-General to strengthen accountability in response to that resolution. It also explains how the various initiatives reported in his annual progress reports on accountability and related reports constitute part of a comprehensive change process aimed at making the United Nations a more accountable and better managed organization.

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I. Introduction

1. The present report is submitted in response to General Assembly resolution 67/253, in which the Assembly requested the Secretary-General to report to it at the first part of its resumed sixty-eighth session on the implementation of the resolution.

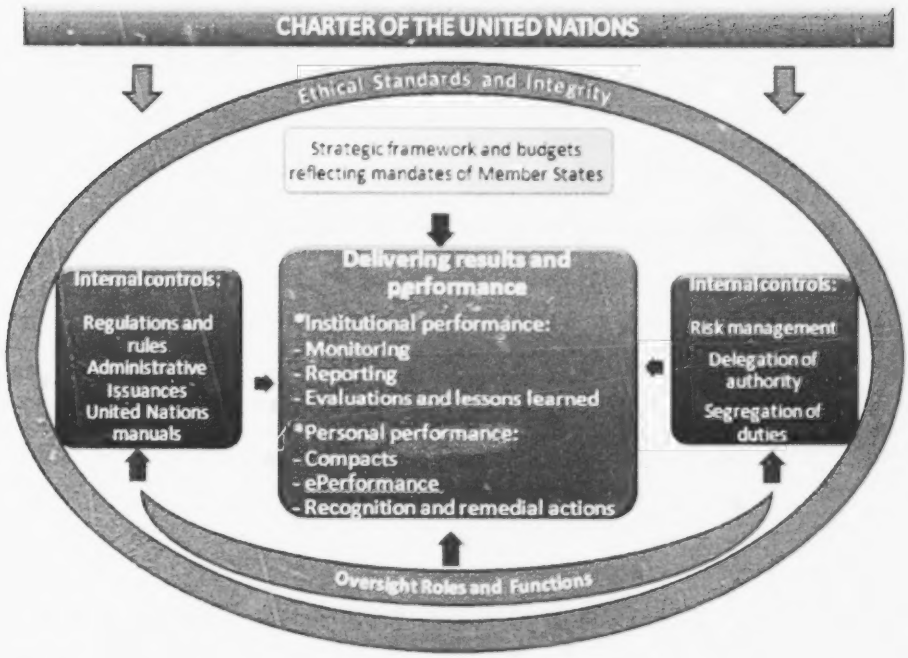
2. The report provides an overview of how the various accountability and related reform initiatives constitute a comprehensive process aimed at making the United Nations a more accountable and better managed organization. In response to specific requests by the General Assembly, it includes an action plan for implementing results-based management in a phased manner, provides an update on the implementation of enterprise risk management and describes the progress made since the previous annual report on accountability (A/67/714) in a number of areas noted by the Advisory Committee on Administrative and Budgetary Questions in its related report to the General Assembly (A/67/776).

II. Overview

3. Accountability is the cornerstone upon which an effective and trustworthy organization is built. This is why the Secretary-General has been working closely with all United Nations stakeholders to implement a series of business transformation initiatives that will strengthen the accountability system and enable the Organization to deliver more effectively on its mandates while ensuring the proper stewardship of its resources.

4. Over the past few years the Secretary-General has presented a number of reports on accountability to the General Assembly (see, for example, A/60/312, A/60/846/Add.2 and A/62/701). But it was only with the adoption of resolution 64/259 that the Assembly, on the basis of the proposal of the Secretary-General (see A/64/640, para. 10), decided on a definition of accountability for the Secretariat that established the different components of the accountability system and the interrelationship among these components, as shown in figure I.

Figure I
Accountability system of the United Nations Secretariat



5. In resolution 64/259, the Assembly also requested the Secretary-General to implement a series of actions to strengthen accountability throughout the Organization and to report on the implementation of those actions at the next session of the Assembly. This mandate opened an important dialogue on accountability with Member States in which the Secretariat submits a progress report on the subject each year and Member States issue resolutions requesting the Secretariat to adopt different measures to strengthen its accountability system and to report thereon at the subsequent session of the Assembly (see, most recently, A/66/692 and A/67/714, and Assembly resolutions 66/257 and 67/253).

6. The present report, which is the third progress report on accountability, not only informs Member States of the measures taken by the Secretary-General to strengthen accountability in response to Assembly resolution 67/253, but also explains how all of the initiatives reported in his annual progress reports — and other reports related to the topic — constitute part of a comprehensive process aimed at making the United Nations a more accountable and better managed organization.

A. Building blocks of a more accountable United Nations

7. In his report of 29 January 2010 (A/64/640, para. 6), the Secretary-General stated that "strengthening an accountability system in an organization as complex as the United Nations is a daunting task and a continuous process". To this end, the

Secretariat has implemented (or is in the process of implementing) a variety of initiatives that can be organized under the following categories.

Stronger focus on performance and results

8. In his second progress report (A/67/714), the Secretary-General proposed a conceptual framework for results-based management. In response to that proposal, in its resolution 67/253, the General Assembly requested the Secretary-General to start implementing the conceptual framework in a phased manner and to develop an action plan for strengthening the implementation of results-based management. This action plan, which is included in section III of the present report, together with the implementation of the International Public Sector Accounting Standards (IPSAS) and Umoja Extension 2, will lead to significant improvements in the planning, budgeting, monitoring and evaluation cycle of the Organization.

9. In addition, several initiatives have been introduced since 2010 to strengthen individual performance and the accountability of senior managers. These measures include extending the senior managers' compacts to the heads of field missions; restructuring the senior managers' compacts to reflect the main components included in the definition of accountability; and strengthening the performance management and development system, which applies to staff at all levels and will be the subject of further adjustments to be presented to the General Assembly at its sixty-ninth session.

Improving governance and oversight

10. The different initiatives under this category include redefining the roles of the Management Committee and the Management Performance Board to take on more responsibility for advising the Secretary-General on the management of the Organization, and strengthening the analysis of the oversight bodies' observations and recommendations by senior managers to ensure that they are fed into the management process and implemented in a timely and effective manner. In addition, the Administration engages in a continuous dialogue with the oversight bodies to share perspectives on issues of mutual concern and to strengthen, collectively, the management of the Organization.

11. It is also important to note the progress made by the Secretariat in the implementation of enterprise risk management. The policy framework has already been issued, the Secretariat-wide risk assessment exercise will be finalized during the first quarter of 2014, and an action plan in this area is included in section IV of the present report. In addition, heads of peacekeeping and special political missions continue to employ risk management practices in their decision-making, and chief fiduciaries are required to provide letters of representation at the end of each financial period.

12. There has also been an improvement in the management reporting systems aimed at providing managers important information to guide their decision-making (e.g., the human resources management scorecard and the financial reports that are discussed by the Management Committee). This is an area where the Organization will progress to a more qualitative stage as the benefits of the implementation of IPSAS and the enterprise resource planning system (Umoja) start to be realized.

13. Finally, there has also been important progress in strengthening ethics and integrity in the Organization and in the areas of communications and transparency, including the accountability portal on iSeek; the availability of the senior managers' compacts and annual performance assessments on iSeek; and making public all audit and evaluation reports of the oversight bodies on their respective websites.[1]

Better management and administration

14. This is another area where the Organization has made important headway since 2010. The promulgation of one series of staff rules, which consolidated the three previously applicable series, has strengthened accountability by holding staff at all levels to the same standards in terms of conduct as well as performance. In addition, the introduction of the talent management system (Inspira) in the area of human resources management, as well as the procurement-related reforms, have contributed to improved transparency and accountability in all of these processes. Much progress has also been made in the peacekeeping operations. For example, the Department of Peacekeeping Operations and the Department of Field Support are addressing recommendations from an evaluation of the command and control arrangements in peacekeeping operations. In addition, they have implemented an integrated conduct and discipline framework and advanced a policy on accountability for conduct and discipline in field missions, and are developing guidance on criminal accountability.

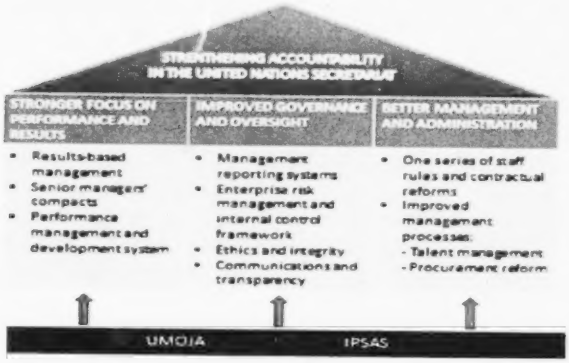
B. International Public Sector Accounting Standards and Umoja: bringing greater accountability, governance and oversight

15. The implementation of IPSAS and Umoja underpins the progress described above and is further strengthening the Organization's accountability in the areas of results and performance, governance and oversight and better management and administration, as illustrated in figure II. These two important business transformation initiatives will substantially change the way the Secretariat does its work by increasing the availability of timely and complete information, thereby enabling faster decision-making and providing for better service delivery through improved planning and implementation of activities and better measurement of results. In addition, these two projects, which are at the core of the Organization's efforts to improve its administrative processes, will introduce elements of continuous change that will require the Organization to harmonize and enhance its working practices and staff members to update their skills in different areas. The capabilities of Member States for exercising their oversight responsibilities will be also significantly improved.

[1] By its resolution 67/258, the General Assembly requested the Secretary-General to entrust the Office of Internal Oversight Services with publishing audit reports on the website of the Office, on an experimental basis, by no later than 1 July 2013, until 31 December 2014. A final decision on the continuation of this practice is expected to be made in the context of the review of the mandate of the Office of Internal Oversight Services at the sixty-ninth session of the General Assembly.

Figure II

Umoja and the International Public Sector Accounting Standards providing the basis for a more accountable Secretariat


STRENGTHENING ACCOUNTABILITY IN THE UNITED NATIONS SECRETARIAT
STRONGER FOCUS ON PERFORMANCE AND RESULTS
IMPROVED GOVERNANCE AND OVERSIGHT
BETTER MANAGEMENT AND ADMINISTRATION
• Results-based management
• Senior managers' compacts
• Performance management and development system
• Management reporting systems
• Enterprise risk management and internal control framework
• Ethics and integrity
• Communications and transparency
• One series of staff rules and contractual reforms
• Improved management processes:
- Talent management
- Procurement reform
UMOJA
IPSAS

International Public Sector Accounting Standards

16. The United Nations System Accounting Standards (UNSAS) were developed in the early 1990s and were "tailor-made" for the United Nations following General Assembly decision 46/445. These standards are no longer sufficient to respond to the legitimate concerns of United Nations stakeholders and their demands for transparency and information.

17. By its resolution 60/283, the General Assembly approved the adoption of the accruals-based International Public Sector Accounting Standards (IPSAS). These standards have been independently developed specifically for the public sector and are more precise and detailed than UNSAS, leaving far less scope for inconsistent interpretation.

18. In addition to the five key benefits identified by the Secretary-General (see A/60/846/Add.3, para. 15), the adoption of IPSAS by the United Nations will strengthen accountability through better performance analysis and management and improved governance and oversight, as described below:

- The introduction of accrual accounting per se is a commitment to promote enhanced accountability and to improve the management of the Organization's financial resources. Accrual accounting allows the Organization to report its results on a consistent and comparable basis. In addition, the preparation of the financial reports under this system, by providing a clearer picture of the Organization's liabilities (such as employee salaries and benefits), allows all stakeholders to have a more comprehensive view of the Organization's financial position, performance and cash flows and a better assessment of how well the United Nations has used its available resources
- IPSAS increases transparency by requiring more financial transactions to be recognized or disclosed either in financial statements (such as inventory, intangible assets, accounts payable, accrued staff benefits, etc.) or in notes to financial statements. In addition, independent standards such as IPSAS have

been vetted by third parties and oblige participating organizations to improve their managerial practices

- The high-quality financial reporting generated by IPSAS contributes to quality decision-making, leading to better governance, management, transparency and trust and to the enhanced ability of Member States to exercise their oversight responsibilities and hold the Organization accountable
- Financial information is available more frequently (yearly instead of every two years), which increases the ability of management and Member States to gain better control over the financial resources of the Organization, identify key trends and variances and introduce timely corrective measures, where necessary
- Finally, by providing more comprehensive information on costs and high-quality information on financial statements, IPSAS is a catalyst for improved implementation of results-based management

Umoja

19. The qualitative and quantitative benefits of Umoja have been outlined by the Secretary-General in previous reports submitted to the General Assembly (see A/64/380, sect. II; A/65/389, sect. II; A/66/381, sect. IV.D; A/67/360, sect. III.G; and A/68/375, sect. III.F). The present report provides an opportunity to further explain how Umoja will enhance accountability and transparency in the Organization, as follows:

- *More integrated management processes*. The implementation of the full scope of Umoja (Foundation and Extensions 1 and 2) will reach the most important managerial spheres of the Organization's operations. It will provide management with an integrated and detailed view of the overall performance of its different functional areas, making visible the dependencies that exist among them and how their individual performance is impacting the overall performance of the Organization. This will provide the opportunity to introduce timely corrective measures and to hold accountable those managers who might not be delivering as expected
- *Increased transparency and more effective risk management*. Having a more integrated picture of the Organization's performance, rather than relying on the numerous existing information sources, will make the financial situation and performance of the Organization more transparent, facilitate the introduction of corrective measures and improve the effectiveness of the risk management process
- *Better governance and increased management effectiveness*. Umoja will make available more accurate and timely performance and enterprise management information, thereby enhancing better governance, decision-making and performance
- *Consistent interpretation and application of all regulations, rules, policies and principles related to the management of resources*. A major risk to the operation of a global organization such as the Secretariat is having many of its processes and procedures managed without effective tools to enforce them and subject to different interpretations, as this could cause control exposure and

lead to errors that may bring about financial losses to the Organization (e.g., through overpayments or litigation). By operating as a single platform, Umoja will enforce the common interpretation of the regulations, rules and policies related to the management of resources, facilitating more effective control and auditability systems

- *Greater operational efficiency*. By consolidating most of the data the Organization uses in a single platform and linking business processes, Umoja will allow for significant cost savings and productivity gains. For example, Umoja will enable United Nations managers to get the right resources in the right place at the right time, improving inventory management, bringing more rationality to the procurement process and minimizing shortfalls

- *More efficient workflows*. Umoja is catalysing the introduction and adoption of new ways of doing business. The revision of some of the workflows is improving the managerial practices of the Organization, bringing more efficiency and stronger segregation of duties and delegation of authorities by linking user access to the individuals' authorized delegations

- *Contributing to the development of a cohesive and fully integrated information and communications technology strategy*. The implementation of Umoja will be a catalyser for the development of an integrated information and communications technology strategy which will place the achievement of the Organization's mandates and the necessary support of Umoja at its centre

- *Improved audit processes and fewer possibilities for mismanagement*. Umoja will make it easier to compile and report on any information required by the auditors and/or investigators. In addition, it will be easier to identify and understand who has access to what information and/or decision and how such access has been used

- *"Big data": better oversight and management*. "Big data" will be introduced in the Secretariat in the context of Umoja implementation. This platform will enable the Secretariat to perform data mining and will offer new possibilities for management and internal auditors to analyse the business processes. For example, managers and auditors will be able to analyse not only samples of the population, but the entire population. In addition, Umoja will imply a significant step forward in the reliability of information, creating "a single version of the truth"

- *Improved results-based management*. The implementation of the full scope of Umoja (Foundation and Extensions 1 and 2) will improve the implementation of results-based management by allowing the link between results and the utilisation of resources

III. Results-based management

A. The mandates

20. In response to the Secretary-General's second progress report (A/67/714), the General Assembly, in paragraphs 5 and 6 of its resolution 67/253, requested the Secretary-General to start implementing the results-based management framework

in a phased manner and to further refine the framework by taking certain factors into account. The measures taken in response to that request are described below.

21. To devise the means of fulfilling these mandates, the Under-Secretary-General for Management convened a working group on results-based management whose members broadly represent the functional units responsible for the different areas of work of the Organization.[2] The findings and recommendations of the working group are set out below. It is important to note that while the Secretariat will make every effort to implement these recommendations according to a "phased approach", some of the recommendations would require additional resources beyond what the Secretariat currently has available. For this reason the proposed time frame for implementation is two consecutive bienniums.

B. Findings and recommendations of the results-based management working group

22. The findings and recommendations of the results-based management working group, together with the responsible entities and implementation dates, are shown in the table below.

Topic finding	*Recommendation*	*Responsible entity*	*Implementation dates*
Commitment of senior management Members of the working group agreed on the importance of leadership and setting the appropriate "tone at the top" to move forward with the implementation of results-based management	The Secretary-General should lead a high-level advocacy and outreach campaign to emphasize to senior managers and staff the need for the Organization to focus more on the achievement of clearly defined results	Executive Office of the Secretary-General (with the substantive support of the Department of Management and the Department of Public Information)	2014-2017
	The Management Performance Board should emphasize the joint assessment of institutional performance and the performance of individual senior managers, in accordance with section 1 of the Secretary-General's bulletin defining the Board's terms of reference (ST/SGB/2013/2)[a]	Management Performance Board (with the substantive support of the Department of Management)	2014-2017

[2] The members of the working group include the Office of the Under-Secretary-General for Management (Chair), the Office of Programme Planning, Budget and Accounts and the Office of Human Resources Management in the Department of Management; the Department of Peacekeeping Operations; the Department of Economic and Social Affairs; the Economic Commission for Latin America and the Caribbean (ECLAC); the Office for the Coordination of Humanitarian Affairs; the United Nations Office at Geneva; the Office of the High Commissioner for Human Rights (OHCHR); and Umoja.

Topic finding	*Recommendation*	*Responsible entity*	*Implementation dates*
Capacity-building Members of the working group found that a lack of capacity for results-based management at its different stages (preparation of logical frameworks that are at the core of the programme, planning and budgeting processes, programme monitoring and reporting, results-based management in general, etc.) undermines the quality of results-based management in the Secretariat	The Department of Management, in coordination with the respective "process owners" of results-based management, should organize training courses on the preparation of logical frameworks tailor-made to individual departments and offices depending on the nature of the mandates/work: substantive, normative, operational and/or administrative	Office of Programme Planning, Budget and Accounts	2014-2017
	The Department of Management, in coordination with the respective "process owners", should provide guidelines and training on results-based management and on how to create linkages between staff workplans and the objectives of the Organization[b]	Department of Management (Office of the Under-Secretary-General, Office of Programme Planning, Budget and Accounts and Office of Human Resources Management)	2014-2017
	The Department of Management, in coordination with the respective "process owners", should provide training courses on programme monitoring and reporting in the Secretariat	Office of the Under-Secretary-General, Department of Management	2014-2017
	Responsible heads of departments and offices, as "process owners", should provide training courses on evaluation methodologies and techniques	Individual departments (with the support of the Office of the Under-Secretary-General, Department of Management, and the Office of Internal Oversight Services)	Third quarter of 2014 through 2017
Guidelines and toolkits Members of the working group found that to strengthen institutional and individual capacities for results-based management and to foster a common understanding of this concept within the Secretariat, a	The Department of Management should develop a results-based management manual, including related policies and practical guidance for using a results-based management approach in all related areas of work	Office of the Under-Secretary-General, Department of Management, in coordination with the Office of Programme Planning, Budget and Accounts and the Office of Human Resources Management	2014-2017[c]

Topic finding	*Recommendation*	*Responsible entity*	*Implementation dates*
results-based management manual should be developed. An e-learning programme on results-based management should also be part of this toolkit			
	The Department of Management should develop an e-learning tool on results-based management	Office of the Under-Secretary-General, Department of Management, in coordination with the Office of Programme Planning, Budget and Accounts and the Office of Human Resources Management	2014-2017[c]
Umoja and results-based management As the results-based management working group is comprised of senior programme managers drawn from the different functional areas of the Organization, their active participation in the confirmation of the business requirements for Umoja will help the Organization achieve the mandates stated in paragraph 5 (b) of resolution 67/253	The Umoja Steering Committee should consider requesting the extension of the mandate and responsibilities of the working group to confirm the business requirements for the design of Umoja Extension 2, as it relates to results-based management	Umoja Steering Committee	2014-2017

[a] Section 1 of the bulletin already establishes that one of the main responsibilities of the Board is to monitor the performance of senior managers and heads of mission in achieving the objectives, results and targets contained in their compacts and the programme and planning documents.

[b] Section 6.1 of the administrative instruction on the Performance Management and Development System (ST/AI/2010/5) already states that the "priorities of heads of departments/offices/missions are translated into workplans of workunits as per each department/office/mission structure. Work unit plans are developed in consultation with staff members concerned on an annual or biennial basis, depending on the needs of the department/office/mission".

[c] The manual and the e-learning tool are to be updated after Umoja Extension 2 has been deployed to reflect the "technicalities" that might be introduced by Umoja in the programme planning, budget, monitoring, reporting and evaluation processes of the Secretariat.

C. Lessons learned and challenges related to the implementation of results-based management

23. Extensive literature exists, both in the United Nations system and in other organizations, on the lessons learned and the challenges faced by different organizations when implementing results-based management. Following is a brief discussion of lessons and challenges most relevant to the Secretariat.

Lessons learned

Resources

24. The implementation of results-based management cannot be conducted as a narrow technical exercise. Instead it must be treated as an institutional and change management initiative that requires resources to succeed.

Fostering senior-level leadership

25. The best practice as identified by Mayne[3] is that fostering senior-level leadership in results-based management is fundamental, that is, getting senior managers to visibly, regularly and consistently lead and support results-based management through their words and actions.

Building a linkage between results-based management and the performance appraisal systems

26. Best practice suggests that performance appraisals should be informed by results and results-based management information.

Incentives and disincentives

27. There need to be incentives in place for managers and staff to use a results-based management approach, which in an organization such as the United Nations can be difficult to promote. These incentives should be tailored to the management practices and culture of the organization. According to Bester,[4] it is equally important to remove formal and informal disincentives to results-based management that might exist.

Capacity development

28. Training on the application of results-based management is required not only for practitioners and field staff but also for senior management and staff at all levels in order to foster support and understanding of results-based management throughout the Organization. Motivating senior managers to embrace results-based management is contingent on their seeing value in devoting time and resources to acquiring and using results information.[5]

Accountability

29. Accountability is critical for effective results-based management. Results-based management is unlikely to succeed if there is no institutional or individual accountability for results.

[3] John Mayne, "Best practices in results-based management: a review of experience: a report for the United Nations Secretariat", vol. I, main report (July 2007).

[4] Angela Bester, "Results-based management in the United Nations development system: progress and challenges: a report prepared for the United Nations Department of Economic and Social Affairs, for the quadrennial comprehensive policy review", final report (July 2012).

[5] David Try and Zoe Radnor, "Developing an understanding of results-based management through public value theory", *International Journal of Public Sector Management*, vol. 20, No. 7 (2007), pp. 655-673.

Challenges

30. Once all the results-based management instruments and tools are in place in an organization, many of the key challenges are organizational and behavioural rather than technical.[6] In addition, time is needed to allow these organizational changes to mature.

Outcomes and achievements

31. Most organizations are good at defining and measuring results at the output level as outputs are generally measurable and directly influenced by the activities controlled by programme managers. In the United Nations Secretariat, regulation 6.1 of the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation (ST/SGB/2000/8) establishes that "the Secretary-General shall monitor accomplishments, as measured by the delivery of outputs". In these circumstances, defining and measuring outcomes remains a challenge. Moreover, in an organization such as the Secretariat where some of its functions are normative, it can be very difficult to measure the direct results of an intervention.

Embedding and institutionalizing results-based management

32. Embedding results-based management in the Secretariat and fully institutionalizing this management approach, where results are used for decision-making, learning, improving performance and accountability at all levels, is a challenging task that will take time.

Building a culture of results

33. Developing and sustaining a results culture is another major challenge. Among the key success factors is the importance of leadership and establishing a culture of change through training and incentives[7] as well as through periodic review of the results-based management systems.[4]

Evaluation

34. Evaluation is an essential component of the results-based management cycle, but the level of resources in the Secretariat dedicated to the self-evaluation function is insufficient for the task (see A/68/70).

Moving forward with results-based management in the absence of dedicated resources and in the context of competing priorities

35. In the current financial situation of the Organization — and while it is simultaneously implementing other transformative management reform initiatives, such as Umoja and IPSAS — moving forward with results-based management represents an enormous challenge that the Secretariat is continuing to undertake in a phased approach.

[6] John Mayne, "Challenges and lessons in implementing results-based management, evaluation", *Evaluation*, vol. 13, No. 1, pp. 87-109.

[7] Miguel Jimenez Pont, "Results-based management: delivering aid for trade with the beneficiaries in mind", *International Trade Forum*, No. 4 (October-December 2011).

D. Views of relevant bodies, including the Committee for Programme and Coordination

36. Given the timing of the presentation of the second progress report of the Secretary-General (A/67/714), which included the conceptual framework for results-based management, and of the present report, consultations have not been held with the Committee for Programme and Coordination as the General Assembly had requested.

37. Informal discussion might be held on the subject matter in the context of the fifty-fourth session of the Committee, in June 2014.

IV. Enterprise risk management and internal control framework

Secretariat-wide risk assessment

38. By its resolution 67/253, the General Assembly welcomed the progress made towards the implementation of enterprise risk management and the plans of the Secretary-General to implement a Secretariat-wide risk assessment and requested him to include the results in the next progress report on accountability.

39. Since that time, the enterprise risk management function, located in the Office of the Under-Secretary-General for Management, has continued to provide assistance and advice to different areas of the Organization working towards full implementation of enterprise risk management as part of their operations, such as the Capacity Development Office of the Department of Economic and Social Affairs of the Secretariat and UNEP.

40. In addition, the enterprise risk management function has focused on the implementation of the first Secretariat-wide risk assessment, which will highlight the top strategic risks of the Organization and related managerial responses.

41. The first stage of the Secretariat-wide enterprise risk assessment was the identification of preliminary risk areas, which was done by considering the strategic objectives of the Organization according to the strategic framework, a review of relevant documentation, the analysis of previous risk assessments and the consideration of cross-cutting issues emerging from oversight bodies' recommendations.

42. Meetings and a detailed in-person training programme were held with the focal points from every office and department to familiarize them with the basic concepts of enterprise risk management and the mandates provided by the General Assembly and the Management Committee, and to plan the fieldwork.

43. Interviews and workshops with virtually all the heads of departments and offices and their senior management teams across the Organization were held to prioritize the risk areas initially identified, complete the risk universe with emerging risks and define potential risk response strategies. The preliminary results of the assessment will be presented to the Management Committee in the first quarter of 2014. The preliminary risk register determined thereby will include risk definitions, a full analysis of key risk drivers, a description of the controls already established by management and an evaluation of their effectiveness, and an outline of potential risk response strategies.

44. After the Management Committee has arrived at a common understanding of the risks and their criticality, the responsible managers in the different areas of the Organization will define comprehensive risk treatment and response plans. These plans will identify the detailed risk treatment actions that management plans to introduce to further mitigate risks, the responsible officers (risk owners) and implementation timelines.

45. The enterprise risk management function will monitor progress and periodically report to the Management Committee on the implementation, updating and maintaining of the risk register as appropriate. In this manner, a strategic enterprise risk management and control process will become instrumental in the progressive promotion of a risk-driven culture across the entire Organization.

46. The fieldwork of the exercise inspired several offices (e.g., United Nations Office at Vienna/United Nations Office on Drugs and Crime and UN-Habitat) to commit to the immediate full implementation of enterprise risk management within the scope of their own activities. Following the completion of the Secretariat-wide risk assessment, the enterprise risk management function will continue to support the momentum towards implementation across the Organization, even within the extremely limited resources currently available to the programme.

47. In support of the adoption of an effective framework, the enterprise risk management function will also continue to work on the implementation of a comprehensive communications programme, including (a) an e-learning course now available to all staff in Inspira, (b) in-person training sessions and workshops, (c) enterprise risk management and internal control web pages on iSeek and (d) the community of practice on Unite Connections, which includes some 130 practitioners representing different entities of the United Nations system and other international institutions.

Action plan

48. The action plan can be summarized as follows:

- Completion of the Secretariat-wide enterprise risk assessment

  Responsible entity: Office of the Under-Secretary-General, Department of Management

  Implementation date: March 2014

- Validation of its conclusions by the Management Committee

  Responsible entity: Management Committee (upon completion by the Office of the Under-Secretary-General)

  Implementation date: April 2014

- Identification of risk owners and definition of comprehensive risk treatment and response plans

  Responsible entity: Management Committee/risk owners

  Implementation date: first phase by June 2014, then ongoing

- Monitoring and reporting to the Management Committee and to the Independent Audit Advisory Committee on the implementation of risk treatment and response plans and the overall risk profile of the Organization

  Responsible entity: Office of the Under-Secretary-General, Department of Management

  Implementation date: Ongoing

- Communication programme for enterprise risk management: (a) disseminating the e-learning course in Inspira; (b) planning further in-person training sessions and workshops; (c) continuing to develop the enterprise risk management and internal control web pages on iSeek; and (d) the enterprise risk management community of practice

  Responsible entity: Office of the Under-Secretary-General, Department of Management

  Implementation date: Ongoing

V. Personal accountability

Senior managers' compacts

49. The Management Performance Board streamlined the 2014 compact template and made it more strategic by focusing on the top five programmatic priorities of each senior manager and the transformational management reform projects (Umoja and IPSAS). The Board also limited the categories of standard managerial indicators to those related to human and financial resources management and the implementation of oversight body recommendations, which are the core of senior-level management responsibilities.

50. The purpose of these changes is to further shift the focus of the compact away from compliance to a more strategic, results-oriented approach. In addition, with fewer indicators, the Board hopes that senior managers will be better able to monitor their progress throughout the year and take corrective action as necessary. To support these efforts, the Board itself intends to conduct a mid-year review of senior managers' progress towards meeting the targets in their compacts.

51. Although the Board reduced the overall number of standard indicators in the compacts for 2014, it decided to add one new human resources management indicator related to the Performance Management and Development System, which is at the heart of results-based management and accountability. The Secretariat's compliance with and use of this system are inadequate, which hampers its ability to provide constructive feedback to staff members for developmental purposes and to hold them accountable for less than satisfactory performance.

52. Senior managers' performance on the standard managerial indicators in the compacts continues to be mixed. For example, satisfactory performance on the indicator related to recruiting female staff in all categories improved from 76 per cent in 2011 to 87 per cent in 2012 but declined from 38 per cent in 2011 to 27 per cent in 2012 on the indicator related to recruiting female staff at the P-5/D-1/D-2 categories. Similarly, the level of satisfactory performance related to the submission of information and communications technology budgets improved from 75 per cent

in 2011 to 100 per cent in 2012, whereas satisfactory performance related to the submission of information and communications technology project proposals declined from 100 per cent in 2011 to 73 per cent in 2012. Senior managers almost uniformly performed poorly on the indicator related to complying with the recruitment timelines.

53. The Office of Human Resources Management recently conducted an assessment of the functioning of the human resources management scorecard and found that while 68 per cent of users agreed that the scorecard enabled effective monitoring of delegated authority and 64 per cent believed that the scorecard helped their entity to achieve its human resources goals, some users complained about slow connectivity, field data not being up to date and a lack of consequences for poor performance. To address this situation, the Office is developing automatically generated quarterly "snapshot" reports in order to bring scorecard performance issues to managers' attention. For its part, the Field Personnel Division of the Department of Field Support has committed itself to completing the cleansing of its human resources data no later than 30 days after the end of each month in order to provide more timely data to its scorecard users in the field.

54. The Management Performance Board is encouraging heads of departments/missions to integrate the review of human resources performance indicators into their regular management discussions with senior staff. The Board also intends to share performance results among similar entity types to encourage the sharing of best practices and lessons learned. In addition, the Board asked the Office of Human Resources Management to provide a comprehensive briefing at its meeting in January 2014 regarding the root problems with recruitment in general and of senior female staff in particular.

55. In paragraph 9 of its resolution 67/253 on progress towards an accountability system in the Secretariat, the General Assembly requested the Secretary-General to consider placing the compacts in the public domain. The compacts are management tools employed by the Secretary-General in his role as chief administrative officer of the Organization to assign responsibilities to his senior managers and hold them personally accountable.

56. The compacts must first and foremost serve their primary purpose, that of establishing clear lines of responsibility and accountability for senior managers with regard to the Secretary-General's overall management strategy for the implementation of Member State mandates. Bearing in mind this primary objective, the "exposure" of this management tool must indeed balance the competing demands for transparency on the one hand, and the complex managerial dimensions on the other. To support this end objective, a certain degree of organizational management expertise and familiarity with the internal workings of the Organization is required. As such, after careful analysis, the Management Performance Board recommended, and the Secretary-General agreed, to maintain the current practice of publishing the compacts and performance assessments on iSeek but not on the external website.

Action plan

57. The action plan for the compacts specifies that the Management Performance Board is to conduct a mid-year review of senior managers' performance against the targets in their compacts. The responsible entities are the Board and offices that

monitor/provide data regarding the managerial indicators in the compacts. The implementation date is July 2014.

Performance management and development

58. To support the implementation of the Performance Management and Development System, promulgated in April 2010 (ST/AI/2010/5), the Secretary-General continued the rollout of the mandatory Performance Management and Development Learning Programme for all managers and supervisors. This learning programme reinforces best practices in performance management and development and emphasizes the linkage between individual workplans and mandates of the Organization, as well as the need to effectively address underperformance. In order to ensure maximum accessibility and continuous learning, such programmes are increasingly being delivered through a blended learning approach. Additionally, an e-learning programme for staff at large on the importance of accountability for individual performance is under development.

59. Current reforms to the performance management system focus primarily on strengthening the role of senior management, dealing effectively with underperformance, and activities around recognizing and awarding high performance. A critical step towards senior management accountability is the inclusion by the Secretary-General of a performance management-related indicator in the compacts for 2014. The Secretary-General is also ensuring that all incoming Assistant and Under-Secretaries-General are briefed on the importance of accountability for effective performance management in their departments/offices/missions and of complying with established timelines.

60. In terms of recognizing and rewarding strong performance, a draft awards and recognition paper has been developed by the Staff Management Committee Working Group on Performance Management and Development. It is based on the experience of a broad range of successful organizations and is primarily intended to foster a culture of appreciation.

Action plan

61. The action plan can be summarized as follows:

- Revision of the policy and ePerformance tool to simplify and clarify processes

  Responsible entity: Office of Human Resources Management

  Implementation date: Ongoing throughout 2014 and 2015

- Development of e-learning programmes for managers and staff at large on performance management to increase accessibility of such learning programmes

  Responsible entity: Office of Human Resources Management

  Implementation date: Ongoing throughout 2014 and 2015

- Improved reporting capabilities (human resources management scorecard) to ensure greater compliance monitoring

  Responsible entity: Office of Human Resources Management

  Implementation date: Ongoing

- Promulgation of guidance related to awards and recognition

  Responsible entity: Office of Human Resources Management

  Implementation date: 2015

- Issuance of detailed guidance on evaluating staff and handling underperformance

  Responsible entity: Office of Human Resources Management

  Implementation date: First quarter 2014

Actions of the Management Evaluation Unit for management and accountability purposes

62. The Secretariat's internal justice system is comprised of three components on the formal side: the management evaluation process, the United Nations Dispute Tribunal and the United Nations Appeals Tribunal. The present section of the report focuses on management evaluation, which is the mandatory first step for staff members who wish to contest an administrative decision and provides an opportunity for managers to reverse or otherwise correct improper decisions.

63. As table 1 shows, the percentage of contested administrative decisions that were upheld by management evaluation reviews increased from 84 per cent in 2010 to 97 per cent in 2011 and remained high at 95 per cent in 2012. This excludes settlements. As at 30 June 2013, in 87 per cent of cases considered by the Dispute Tribunal upon staff member applications following management evaluations filed in 2012, the Tribunal confirmed on different grounds, or partly confirmed, the recommendations of the Management Evaluation Unit in the Office of the Under-Secretary-General for Management.

Table 1
Outcome of management evaluation requests as at 31 December 2012 (excluding settlements)

	Management evaluation requests (percentage of total in parentheses)			
	2010	*2011*	*2012*	*Total*[a]
Decision upheld	107 (84)	499 (97)	239 (95)	894 (92)
Partially upheld	2 (1.5)	2 (0)	2 (1)	23 (2)
Reversed	16 (3)	11 (2)	10 (4)	46 (5)
Other[b]	2 (1.5)	3 (1)	0 (0)	8 (1)
Total	**127 (100)**	**515 (100)**	**251 (100)**	**971 (100)**

[a] Figures have been rounded and include data for the period 1 July 2009 to 31 December 2009 (49 upheld, 17 partially upheld, 9 reversed and 3 other).

[b] Includes requests for which a management evaluation was deemed redundant on account of the staff member's concurrent application with the Disputes Tribunal.

Accountability of managers

64. In all cases where decisions are reversed or settled, the Management Evaluation Unit explains to the decision maker the legal analysis for the

recommendation. In 2012, in connection with two management evaluation requests that resulted in settlement, the settlement proposal and accountability review were brought to the attention of the decision makers and their supervisors in writing and their signature was requested acknowledging their review of the matter. The fact that a managerial decision is being reversed is itself an accountability measure, which is noted by the manager and the head of his/her office and serves as a lesson learned.

65. In cases where the Management Evaluation Unit considers that the contested issue may be of systemic concern, the Unit recommends that the department in question engage in further review of the issue or remind its staff members of the need to follow the guidelines in question.

66. Drawing on the trends and lessons learned from the review of contested administrative decisions by the Management Evaluation Unit as well as the judgments of the Dispute and Appeals Tribunals, the Under-Secretary-General for Management issues "lessons learned guides" to managers.

67. In addition, the Management Performance Board annually reviews the outcome of the internal justice proceedings for management and accountability purposes. The Board's most recent review identified two emerging trends: the need for more effective and timely performance management and the importance of addressing delays in making decisions that affect staff. The Chef de Cabinet, as chair of the Board, wrote to senior managers alerting them to these findings, stressing the need for strong leadership by example and reminding them of training and other resources available for guidance on managing staff.

VI. Strengthening accountability in the field missions

68. As relates to managerial and personal accountability in field missions, the Organization has proceeded with the implementation of the integrated conduct and discipline framework (see A/66/679, paras. 126 and 127). A particular focus was placed on the implementation of initiatives under the strengthened programme of action for sexual exploitation and abuse (see A/67/766, sect. IV).

69. Under one such initiative, the Under-Secretaries-General for Peacekeeping Operations, Political Affairs and Field Support jointly issued guidance to uniformed and non-uniformed personnel serving in field missions and highlighted areas of organizational and personal accountability. The Secretariat also appointed a team of independent experts to conduct assessment visits in the four missions having the highest levels of alleged instances of sexual exploitation and abuse in order to analyse the factors contributing to this situation and to look for a comprehensive solution. Findings and recommendations from the reports of the experts are currently being reviewed and will be the object of further consultations. Agreed recommendations will be included in risk management activities.

70. Consultations are taking place to finalize a policy on accountability for conduct and discipline in field missions and the associated accountability framework and scorecard mechanism, the implementation of which will serve to evaluate the efforts of managers and commanders in the prevention of, and response to, alleged misconduct, including acts of sexual exploitation and abuse.

71. The Secretariat sent guidance to field missions on the implementation of General Assembly resolution 66/93 on criminal accountability. This guidance stressed the requirement to report immediately to Headquarters any allegations that may involve criminal conduct and the obligation to cooperate with the host State in carrying out all necessary investigations, when alleged misconduct by United Nations officials and experts on mission may amount to a crime.

72. Other measures to strengthen accountability include the continuous requirement that heads of mission employ risk management practices in their decision making processes — including those related to the specific risks of sexual exploitation and abuse in field missions — and that chief fiduciaries provide letters of representation at the end of each financial period.

73. In addition, the Department of Field Support continued to make steady progress on the implementation of enterprise risk management in field missions, including the nearly completed strategic risk assessment for the global field support strategy. Risk management focal points have been identified in peacekeeping operations and are being identified in special political missions, and a community of practice has been established.

74. Finally, to ensure robust compliance by field missions with the Financial Regulations and Rules of the United Nations (ST/SGB/2013/4), the Department of Field Support also oversees and supports the exercise of delegations of procurement authority to the field.

Action plan

75. The action plan can be summarized as follows:

- Finalization of a policy on accountability for conduct and discipline in field missions and of the associated accountability framework and scorecard mechanism

  Responsible entity: Department of Field Support

  Implementation date: 2014

- Review of letters of representation

  Responsible entity: Department of Field Support

  Implementation date: Fourth quarter of 2014

- Introduction of risk management practices into "pilot" areas

  Responsible entity: Department of Field Support

  Implementation date: global field support strategy, first quarter of 2014; Criminal Law and Judicial Advisory Service and Conduct and Discipline Service, second quarter of 2014

VII. Ethics and accountability

Ethical risks faced by the United Nations

76. The United Nations faces three types of ethics and reputational risks: individual integrity, process integrity and institutional integrity risks. The work of

the Ethics Office to date has focused primarily on individual integrity risks. The Office's administration of the financial disclosure programme, the voluntary public disclosure initiative, the protection against retaliation policy, outreach and education are all examples of the work undertaken to identify and mitigate individual integrity risks. The Office has provided advisory and policy consultation in connection with several process integrity risks, such as reporting and "speak up" systems, internal investigations mechanisms and confidentiality modalities.

77. In addition, the Office is increasingly asked to consult on the institution-wide integrity risks that can arise in connection with major initiatives, such as the human rights agenda, impunity, independence and third party due diligence in procurement. The most recent report of the Secretary-General on the activities of the Ethics Office (A/68/348) details the activities and results of the Office.

Ongoing efforts and recent initiatives for strengthening ethics in the Organization

78. The commitment of the Ethics Office to expanded outreach, raising awareness and ethics education has resulted in a significantly increased use of its services by staff. Each year, approximately 2 per cent of the total workforce requests Ethics Office services. The website of the Office (www.un.org/en/ethics), available in the six official languages of the United Nations, provides the same information to staff and the general public. In its first full year of operations, the website received over 60,000 site visitors.

79. The Office is also engaged in initiatives that focus on process and institutional integrity risks, including ethical leadership behaviour and metrics/evaluation services. For instance, the Office has played a consultative role in mitigating ethical and reputational risks that arise from multi-stakeholder partnership initiatives, as well as reliance upon extrabudgetary sources for financial support.

80. The Office has initiated an independent review of the existing policy on protection against retaliation, which focuses on enhancing how the Organization encourages the reporting of serious misconduct, protects whistle-blowers from retaliation and intervenes to prevent retaliation from occurring.

81. With several other departments, the Ethics Office is actively engaged in consultations on ways to enhance the reporting of observed misconduct by staff, through a proposed centralized intake system and a streamlined internal investigations process.

82. In 2012-2013, the Ethics Office launched leadership dialogues to ensure that all staff members participate in annual ethics conversations. The Office developed a self-executing discussion guide on what it means to be an international civil servant, focusing on the United Nations oath of office. By 31 August 2013, more than 40 per cent of all staff (international and national staff combined) had successfully completed their dialogue sessions.

83. The Director of the Ethics Office has conducted confidential ethics induction briefings with incoming and newly appointed Assistant Secretaries-General and Under-Secretaries-General, reaching the majority of executives within 12 months of their appointment.

84. The Director of the Ethics Office also conducted confidential ethical leadership behaviour assessments for Under-Secretaries-General who sign senior

manager's compacts. Between 2011 and 2013, the Director has provided feedback on specific behavioural strengths and weaknesses to 26 senior executives, incorporating upwards feedback from over 1,500 staff members. Results from these assessments will be incorporated into an emerging model for ethical leadership behaviour for senior managers.

85. In 2012, the Office undertook a formal ethics and reputational risk assessment of United Nations field missions in response to requests from the Advisory Committee on Administrative and Budgetary Questions and the Under-Secretary-General for Field Support. This assessment identified the likelihood of risk occurrence and the potential seriousness of such risks impacting the ability of the United Nations to fulfil its peacekeeping mandate.

Action plan

86. The action plan can be summarized as follows:

- Launch a redesigned online introductory ethics training programme, with the support and assistance of the Department of Management

  Responsible entity: Ethics Office (with support from the Department of Management)

  Implementation date: 2014

- Complete a comprehensive review of the regulatory framework for the Secretary-General's bulletin on protection against retaliation for reporting misconduct and for cooperating with duly authorized audits or investigations (ST/SGB/2005/21)

  Responsible entity: Ethics Office (with the input and support of the Department of Management, the Office of Legal Affairs and the Office of Internal Oversight Services)

  Implementation date: 2014

- Complete a comprehensive review of the regulatory framework for the Secretary-General's bulletin on financial disclosure and declaration of interest statements (ST/SGB/2006/6), and propose amendments

  Responsible entity: Ethics Office (with the input and support of the Office of Programme Planning, Budget and Accounts and the Office of Legal Affairs)

  Implementation date: 2014

- Propose a model of ethical leadership for senior managers based on the aggregated data obtained from the 2011 and 2013 cycles for the ethical leadership behaviour assessment

  Responsible entity: Ethics Office (with the input and support of the Department of Management and the Executive Office of the Secretary-General)

  Implementation date: fourth quarter of 2014

VIII. Root causes of systemic issues in the reports of the United Nations Board of Auditors

87. In its resolution 67/253, the General Assembly endorsed the recommendation of the Advisory Committee on Administrative and Budgetary Questions (see A/67/776, para. 22) that additional efforts be undertaken to address the root causes of the recurring issues identified by the Board of Auditors. The Department of Management, in coordination with the Department of Field Support, undertook an analysis of the latest reports of the Board, the results of which are reported in the annexes to the present report.

IX. Strengthening accountability in procurement

88. Following are the most recent initiatives taken by the Secretariat to strengthen accountability in the procurement process.

Delegation of authority

89. In April 2013, the Procurement Division of the Office of Central Support Services, Department of Management, produced a revised matrix on delegation of procurement authority for United Nations Headquarters and issued a completely new matrix of delegation of procurement authority for mission staff, clearly outlining the approving and signatory authority for each procurement activity at every level.

United Nations Supplier Code of Conduct

90. The Supplier Code of Conduct was revised in 2013 and endorsed by the members of the High-level Committee on Management Procurement Network, broadening its scope to all entities of the United Nations system. It is now mandatory for any vendor to accept the Supplier Code of Conduct as part of the vendor registration process in the United Nations Global Marketplace.

Procurement training

91. The Procurement Division continues to provide online procurement training courses that are available to all United Nations staff and are mandatory for procurement staff at Headquarters. At the end of October 2013, a total of 3,880 certificates had been issued for completion of the various procurement training courses, including 988 certificates for the "Ethics and integrity in procurement" training. Prior to the introduction of the online version of the training, over 1,200 staff members had received this training "face-to-face".

Key performance indicators related to accountability in the procurement area

92. The Procurement Division has developed several key performance indicators to monitor sole source awards and ex post facto cases and to assess performance and adherence to envisaged timelines. These will be fully deployed and available at end of 2014 and include:

- Purchase order/contract creation cycle time: average number of business days from bid creation to purchase order/contract issuance

- Purchase order release cycle time: average number of business days from requisition receipt to purchase order issuance (not against established contract)
- Purchase order release cycle time: average number of business days from requisition receipt to purchase order issuance (against established contract)
- Sole vendor sourcing cases: percentage of sole vendor sourcing cases
- Vendor diversity: percentage of invited vendors from developing countries, countries in transition and least developed countries
- Case preparation for submission to the Headquarters Committee on Contracts: average number of business days from Headquarters Committee on Contracts case creation to submission
- Cases returned by the Headquarters Committee on Contracts: percentage of cases returned at least once by the Headquarters Committee on Contracts
- Rate of ex post facto procurement cases submitted to the Headquarters Committee on Contracts: number of ex post facto procurement cases submitted to the Headquarters Committee on Contracts

93. In addition to these, the Procurement Division intends to implement a number of additional key performance indicators subsequent to the full implementation of Umoja, including necessary business intelligence capabilities, to further increase accountability and enhance internal control.

X. Accountability for mismanagement and improper decisions

Holding staff accountable for misconduct

94. The revised disciplinary measures and procedures (ST/AI/371 and Amend.1) and the Secretary-General's bulletin on the prohibition of discrimination, harassment, including sexual harassment, and abuse of authority (ST/SGB/2008/5) are, together with the Staff Regulations and Rules, the two main instruments that describe the types of conduct for which disciplinary measures may be imposed. Both administrative issuances are in the process of being revised; the revisions are expected to be completed during 2014.

95. During the most recent year reported, covering the period from 1 July 2012 to 30 June 2013, a total of 43 disciplinary measures were imposed. The categories of fraud/misrepresentation and theft/misappropriation represented the largest number of cases with, respectively, 12 (28 per cent) and 11 (26 per cent) cases. Of the 12 cases involving fraud/misrepresentation, one staff member was dismissed (8 per cent), nine staff members were separated (75 per cent) and two staff members had other disciplinary sanctions imposed (17 per cent). Of the 11 cases involving theft/misappropriation, three staff members were dismissed (27 per cent), seven staff members were separated (64 per cent) and one staff member had another disciplinary sanction imposed (9 per cent). With regard to the other categories of misconduct, during the period from 1 July 2012 to 30 June 2013, there was one case of sexual exploitation and abuse (2 per cent), in respect of which the staff member was dismissed (100 per cent), one case of assault (2 per cent), where one staff member was separated (100 per cent), five cases of harassment (12 per cent), in which all five staff members had other disciplinary sanctions imposed (100 per

cent), two cases of misuse of United Nations assets (5 per cent), in which one staff member was dismissed (50 per cent) and one staff member had another disciplinary sanction imposed (50 per cent), one case of misuse of information and communications technology resources (2 per cent), in which one staff member had another disciplinary sanction imposed (100 per cent), two cases of gross negligence (in the context of a theft) (5 per cent), in which one staff member was dismissed (50 per cent) and one staff member was separated (50 per cent), two cases of inappropriate or disruptive behaviour (5 per cent), in which one staff member was dismissed (50 per cent) and one staff member was separated (50 per cent), two cases of procurement irregularities (5 per cent), in which two staff members had other disciplinary sanctions imposed (100 per cent), and four other cases (9 per cent), in which all four staff members had other disciplinary sanctions imposed (100 per cent).

XI. Recommendations to the General Assembly

96. **The General Assembly is requested to take note of the progress of the Secretariat in strengthening its accountability system, as described in the present report.**

Annex I

Actions taken to address the root causes of the recurring issues identified by the Board of Auditors in its reports on United Nations peacekeeping operations

Recurrent issues	*Root causes*	*Management actions taken to address the root causes*
Financial overview and management		
Large number of unliquidated obligations created at end of year	The raising of obligations at the end of the year often corresponds to the period of time needed to complete the procurement process in the case of complex peacekeeping operations. In addition, costs for a number of significant items, including troop-contributing country reimbursements, are intentionally deferred until the end of the year to ensure that final obligations for the budget period are accurate	The Administration endeavours to ensure that expenditure is always brought to account as obligations at the time a commitment is made. The reduction in the cancellation of prior-period unliquidated obligations noted by the Board of Auditors in paragraph 14 of its report on United Nations peacekeeping operations (A/67/5 (Vol. II)) is due to the constant reminders sent to the missions and a robust review of unliquidated obligations in the missions and at United Nations Headquarters. The Administration will continue to work with the missions to ensure that only valid obligations are retained in the accounts. It is also expected that the introduction of the International Public Sector Accounting Standards (IPSAS) will help to address this issue
Asset management		
Discrepancies in non-expendable property	In many instances, hostile security conditions on the ground impede access to sites where assets are located	The property management performance results in the area of records accuracy and reconciliation of discrepancies for non-expendable property have improved during the period prior to IPSAS opening balances: • The achievement in the active peacekeeping missions on the review and reconciliation of discrepancies related to record accuracy at the end of the 2012/13 financial year reached 98 per cent, as compared to 62 per cent at the end of the 2008/09 financial year,

Recurrent issues	*Root causes*	*Management actions taken to address the root causes*
		72 per cent at the end of the 2009/10 financial year, 83 per cent at the end of the 2010/11 financial year, and 91 per cent at the end of the 2011/12 financial year • Similarly, the number of items marked with an outstanding "not found yet" discrepancy declined by 43 per cent, from 4,194 items at the end of the 2011/12 financial year to 2,376 at the end of the 2012/13 financial year
Non-expendable items at missions held in stock for more than one year	Headquarters and missions did not take full account of assets already in stock when making the requisitions	The Department of Field Support has circulated an instruction to all active missions to consider their stock levels, system contracts, strategic deployment stocks, surpluses declared by other missions and procurement lead times during the acquisition planning process. Furthermore, the Department had established an internal control mechanism whereby it reviews and authorizes all goods procured by missions exceeding $1 million in value, even after approval of the mission's acquisition plan. In March 2013, the Department handed over the acquisition planning process for missions to the Global Service Centre. To further strengthen acquisition planning and to ensure that all elements of the process are coordinated, tracked and shared with the various components at Headquarters, the Office of the Assistant Secretary-General for Field Support became the main entry point for all mission acquisition plans in May 2013 In addition to the above measures to strengthen acquisition planning, the Department has established a mechanism for periodic review of monitoring of asset utilization in the field missions, in connection with which the missions have been

Recurrent issues	*Root causes*	*Management actions taken to address the root causes*
		requested to utilize the corporate business intelligence tools and key performance indicators, such as "ageing stock", "good surplus" and "equipment utilization timeframe", in order to assess equipment utilization rates and establish an optimal commodity distribution strategy. Furthermore, the Department developed a global asset management capability, following the transfer of asset management functions to the Global Service Centre
Delays in the write-off and disposal of assets at missions	Often, the process of disposal was hampered by lack of cooperation and restrictions imposed by the local authorities, poor and unfavourable local market conditions and lack of qualified vendors	The Department of Field Support directive and workplan on property management for the financial year 2013 established write-off and disposal as a priority for the field missions The revised delegation of authority for property management was fully implemented, resulting in a streamlined write-off process in which the Local Property Survey Board review was eliminated for routine low-risk disposal cases. The measures taken by the Department during the reporting period have delivered results, as evidenced by improved performance in the following areas: • The timeline of the write-off process over the last two financial years has substantially improved (from 149 days to 99 days) and is now within the tolerance rate (90 days target with 30 days tolerance) • The timeline of disposal by commercial sale process has improved in comparison with the previous financial year for both the completed and the pending cases. The timeline of pending commercial sales (106 days) is now within the target of 180 days

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Recurrent issues	*Root causes*	*Management actions taken to address the root causes*
Procurement and contract management		
The total value of ex post facto cases increased from $179.9 million in 2008/09 to $233.7 million in 2011/12[a]	In general, root causes for ex post facto cases include exigency situations, poor management of some contracts, inadequate planning and slow processing of local committee on contracts cases	The Department of Field Support promulgated a new contract management policy effective April 2012, and the chief contract management position at the Global Service Centre was filled to assist the missions in the implementation of the new policy and contract management issues. The Department is now tracking field procurement cases that require action by Headquarters to minimize delays and reduce incidences of ex post facto cases. In addition, the Department now requires all missions to provide a statement with their ex post facto cases detailing measures that have been put into place to avoid a reoccurrence
Vehicle fleet management		
The light passenger vehicle holdings in missions exceeded the required ratio	Vehicle entitlements at missions were not routinely reviewed to identify the scope for savings Factors such as mission drawdowns, changes in mission mandates and staffing review exercises resulted in a reduction of staff, causing light passenger vehicle holdings to exceed the suggested ratios	The Department of Field Support implemented a robust and regular system of reviewing mission light passenger vehicle holdings against standard vehicle ratios applied to the various categories of mission personnel. The Department manages surpluses and deficiencies from a global perspective and promotes action to bring missions into line with or below their calculated light passenger vehicle ceilings. Analysis and reviews conducted during the 2011/12 and 2012/13 financial years identified surplus vehicles, which were ultimately used to offset requirements in other missions. Associated inter-mission transfers and stringent review of acquisitions have directly contributed to organizational savings

[a] The Administration wishes to clarify that, while there may have been an increase in the total value of ex post facto cases, there was an overall decrease in the number of cases from 100 cases in 2010 to fewer than 40 in 2012.

Annex II

Actions taken to address the root causes of the recurring issues identified by the Board of Auditors in its reports on United Nations non-peacekeeping areas

Recurrent issues	*Root causes*	*Management actions taken to address the root causes*
Trust fund and project management		
Delays in closure of unnecessary trust funds	Delays by some donors in providing responses and agreement on how the trust fund balances should be disposed of Donors often do not want a return of unspent balances and some trust fund balances are not material Despite being recently inactive, some of the trust funds are expected to become active later on	The closure of unnecessary trust funds is under regular review by the Office of Programme Planning, Budget and Accounts and there is follow-up with the relevant offices
Programme planning and performance reporting		
Inadequate logical frameworks and results-based management system	Lack of adequate training of staff in the areas of logical frameworks and results-based management The nature of the work of the Secretariat, which comprises normative, substantive and support functions, makes the formulation of logical frameworks difficult since the work is not easy to quantify or measure	The Secretariat has made progress in these areas through the continuous efforts of programme managers with the support of the Department of Management A working group on results-based management convened by the Under-Secretary-General for Management has made recommendations related to training, advocacy and outreach and the development of toolkits, to be implemented in a phased approach, to improve the implementation of results-based management (see sect. III of the present report). In addition, the Office of Programme Planning, Budget and Accounts will continue its collaboration with programme managers on the preparation of the programme and planning documents of the Organization to improve the quality of the logical frameworks

Recurrent issues	Root causes	Management actions taken to address the root causes
Asset management		
Inadequate controls over asset management, including incomplete recording of new assets; inadequate physical verifications and inventory counts; and incomplete reconciliation between physical inventories and accounting data	Under the United Nations System Accounting Standards (UNSAS), assets are expensed in the financial period in which they are purchased, making close monitoring difficult. In addition, the Organization currently has no enterprise system that supports an end-to-end (sourcing to disposal) process of assets management	With the ongoing introduction of the International Public Sector Accounting Standards (IPSAS), which require full accrual accounting, the Secretariat is making a major effort to increase controls over asset management. The Office of Programme Planning, Budget and Accounts and the Office of Central Support Services are collaborating on guidelines on asset management, which are being issued to all departments/offices, and the conversion to Umoja will introduce tightened processes and systems to better support asset management and reporting A permanent central property management capacity at United Nations Headquarters, as well as dedicated resources locally, will be needed to improve controls over property management with the adoption of IPSAS
Central Emergency Response Fund of the Office for the Coordination of Humanitarian Affairs		
Insufficient control over activities and expenditures by implementing partners of the Office	Under UNSAS, funds provided by the Office to its implementing partners are expensed in the financial period in which they are disbursed, leading to weak monitoring of actual project expenditures. Further, there is currently no integrated system that supports the area of grants management and financial reporting	A change in the accounting policy will be implemented under IPSAS, which calls for a clear distinction between amounts advanced to Implementing Partners, which are recorded as advances, and amounts granted to end beneficiaries, which are immediately expensed, and a provision for advances deemed irrecoverable, which necessitates closer follow-up with implementing partners. The Office of Programme Planning, Budget and Accounts is currently developing and documenting guidance that will operationalize the policy in time for the first IPSAS financial statements. The Office for the Coordination of Humanitarian Affairs is working closely with the Office of Programme Planning, Budget and Accounts and

Recurrent issues	*Root causes*	*Management actions taken to address the root causes*
		will implement the new accounting policy in 2014. Further, the grants management solution in Umoja will bring integration and more efficient controls in this area
Procurement and contract management		
Lack of key performance indicators that are specific, measurable and relevant in procurement contracts	Lack of good automated systems for tracking the key performance indicators	The Procurement Division initiated the implementation of eight key performance indicators. The Division will analyse procurement data that can be captured in Umoja and review the feasibility of implementing another 12 key performance indicators upon deployment of Umoja, with adjustments, as necessary, to take account of the availability of data in Umoja and other existing systems. Also, the implementation of Umoja in the field missions will facilitate the provision of more conclusive data
Information and communications technology security		
Inadequate controls over information security	Insufficient priority was given to the area of information security in the previous information and communications technology strategies	The Secretariat is implementing an action plan to strengthen information security. This plan includes the following measures: *Prevention* • Initiative 1: Workstation configuration: limit administrative privileges • Initiative 2: E-mail: improved filtering for malicious code • Initiative 3: Mandatory information security awareness training for all staff (Action: Office of Information and Communications Technology/ Office of Human Resources Management) • Initiative 4: Network security: segmentation of network zones

Recurrent issues	*Root causes*	*Management actions taken to address the root causes*
		Detection and response • Initiative 5: Deployment of an intrusion detection system • Initiative 6: Subscription to a cyberintelligence service/feed (Action: Office of Information and Communications Technology) *Governance, risk and compliance* • Initiative 7: Approve and promulgate pending draft policies • Initiative 8: Classify information assets • Initiative 9: Mandatory implementation of minimum requirements for public websites • Initiative 10: Mandatory reporting of information security incidents and sharing of actionable information across the Secretariat The implementation of the action plan was started in the second quarter of 2013. Information security will be addressed comprehensively in the information and communications technology strategy to be submitted to the General Assembly at its sixty-ninth session